

## Message Text

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PAGE 01 HONG K 03851 270555Z  
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00  
COME-00 INR-10 LAB-04 NSAE-00 SP-02 STR-07  
TRSE-00 FRB-03 OMB-01 L-03 /074 W  
-----002517 270602Z /17

R 270512Z MAR 78  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 9619  
INFO AMEMBASSY LISBON  
USMISSION GENEVA

C O N F I D E N T I A L HONG KONG 3851

STATE FOR EB/TEX AND EA/PRCM

STATE PASS STR FOR MIKE SMITH

GENEVA FOR PHELAN

E.O. 11652: GDS  
TAGS: ETRD, MC  
SUBJ: TEXTILES: MACAU QUESTIONS

REF: A) STATE 61376, B) HONG KONG 2600

1. IN MARCH 24 CONVERSATION WITH CONGENOFF, MACAU'S ECONOMIC SERVICES DIRECTOR, DR. ARMANDO LOPES DE CAMPOS, RESIED SEVERAL QUESTIONS CONCERNING THE US-MACAU BILATERAL TEXTILE AGREEMENT.

2. THE MOST IMPORTANT ISSUE INVOLVES PLACING GYM SHORTS IN CATEGORY 347 OR 348, RATHER THAN IN BASKET CATEGORY 359. AFTER RECEIVING NOTICE OF VSG RULING (REFTEL A), MACAU HAS BEGUN SHIPPING GYM SHORTS IN EITHER CATEGORY 347 OR 348; BUT BELIEVING THAT GYM SHORTS WOULD REMAIN IN BASKET, MACAU HAD, THROUGH MARCH 15, SHIPPED 25,000 DOZENS IN CATEGORY 359. WERE THESE SHIPMENTS NOW TO BE CHARGED AGAINST SPECIFIC LIMITS OF  
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CATEGORIES 347 OR 348, THEY COULD EFFECTIVELY REMOVE BETWEEN ELEVEN AND TWENTY FIVE PERCENT OF MACAU'S 1978 DENIM JEANS QUOTA. CAMPOS HAS ASKED THAT THE GYM SHORTS SHIPPED IN CATEGORY 359 BEFORE MARCH 15 BE CHARGED AGAINST THE BASKET RATHER THAN AGAINST THE SPECIFIC LIMITS. CONGEN SUPPORTS MACAU IN THIS REQUEST SINCE MISUNDERSTANDING ABOUT PROPER CATEGORIZATION OF GYM SHORTS WAS SHARED BY US

DELEGATION DURING FEBRUARY CONSULTATIONS WITH CAMPOS, AND  
BECAUSE EFFECTIVE 25 PERCENT REDUCTION IN MACAU'S 1978  
JEANS QUOTA WOULD SEVERELY CUT TERRITORY'S EXPORT EARNINGS.

3. CAMPOS REITERATED HIS REQUEST THAT WOOL GROUP CATEGORIES  
445/446 SPECIFIC LIMITED BE RAISED TO 81,250 DOZENS (REFTEL B).  
CONGENOFF REMINDED CAMPOS OF FEBRUARY DISCUSSION OF WOOL GROUP  
LIMITS WITH US DELEGATION AND INDICATED THAT USG'S RAISING  
LIMITED ABOVE 57,111,124 DOZENS WAS MOST UNLIKELY. CAMPOS ACKNOW-  
LEDGED SLIM POSSIBILITY BUT ASKED THAT HIS REQUEST BE PASSED TO  
WASHINGTON.

4. CAMPOS RAISED QUESTIONS OF COMPARABILITY OF US-MACAU  
AND US-HONG KONG BILATERAL AGREEMENTS. HE NOTED THAT IN US-HK  
AGREEMENT, CATEGORIES 333/334, 338/339, 347/348 AND 638/639  
ARE FULLY MERGED; WHEREAS THESE EIGHT CATEGORIES REMAIN UNMERGED  
IN US-MACAU AGREEMENT, AS AMEMBZONCB CAMPOS FEELS THAT MERGER  
OF THE EIGHT CATEGORIES INTO FOUR PAIRS, WITH APPROPRIATE  
SPECIFIC LIMITS FOR EACH OF THE PAIRS, WOULD GIVE MACAU  
GREATER FLEXIBILITY IN UTILIZING RESTRAINT LIMITS. HE  
ASKED THAT USG TEXTILE AUTHORITIES CONSIDER THIS PROPOSAL  
A REQUEST TO MERGE THE CATEGORIES AS DESCRIBED.

5. CONGEN WOULD APPRECIATE DEPARTMENT'S EARLY REPLY TO  
QUESTIONS RAISED PARAS 2 AND 3. WE REALIZE THAT EVALUATING  
MACAU'S REQUEST TO MERGE CATEGORIES CITED IN PARA 4 WILL  
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TAKE MORE TIME AND SUGGEST THAT DEPARMTNET INCORPORATE USG  
RESPONSE INTO TEXT OF DIPLOMATIC NOTE FORMALLY AMENDING  
US-MACAU AGREEMENT.  
SHOESMITH

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NNN

## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, AGREEMENTS  
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**Copy:** SINGLE  
**Draft Date:** 27 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Executive Order:** GS  
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**Review Event:**  
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**Review Release Event:** n/a  
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**TAGS:** ETRD, MC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014